



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JANUARY 22, 2009
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**LAN CARGO S.A., AEROLINHAS BRASILEIRAS S.A. AND EL AL ISRAEL
AIRLINES LTD. AGREE TO PLEAD GUILTY FOR FIXING PRICES
ON AIR CARGO SHIPMENTS**

Companies Agree to Pay More Than \$124 Million in Criminal Fines

WASHINGTON — Three air cargo carriers, LAN Cargo S.A. (LAN Cargo), Aerolinhas Brasileiras S.A. (ABSA), and EL AL Israel Airlines Ltd. (EL AL), have each agreed to plead guilty and pay criminal fines totaling \$124.7 million for their roles in a conspiracy to fix prices in the air cargo industry, the Department of Justice announced today. Under the plea agreements, LAN Cargo, a Chilean company, and ABSA, a Brazilian company that is substantially owned by LAN Cargo, have agreed to pay a single criminal fine of \$109 million. EL AL, an Israeli company, has agreed to pay a criminal fine of \$15.7 million.

Including today's charges, a total of 12 airlines and three executives have pleaded guilty or agreed to plead guilty in the Justice Department's ongoing investigation into price fixing in the air transportation industry. To date, more than \$1 billion in criminal fines have been imposed and executives have been sentenced to serve a total of 20 months in jail.

According to the charges filed today in the U.S. District Court for the District of Columbia, each airline engaged in a conspiracy in the United States and elsewhere to eliminate competition by fixing the cargo rates charged to customers for international air shipments, including to and from the United States. LAN Cargo and ABSA are charged with engaging in the conspiracy from in or about February 2003 and continuing until at least Feb. 14, 2006. EL AL is charged with engaging in the conspiracy from in or about January 2003 until at least Feb. 14, 2006. The plea agreements are subject to court approval. Each airline has agreed to cooperate with the Department's ongoing investigation.

"American consumers were forced to pay higher prices on the goods they buy every day as a result of the inflated and collusive shipping rates charged by these companies," said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

LAN Cargo, ABSA and EL AL are charged with carrying out the price-fixing conspiracy with co-conspirators by:

- Participating in meetings, conversations and communications in the United States and elsewhere to discuss the cargo rates to be charged on certain routes to and from the United States;

- Agreeing, during those meetings, conversations and communications on certain components of the cargo rates to charge for shipments on certain routes to and from the United States;
- Levying cargo rates in the United States and elsewhere in accordance with the agreements reached; and
- Engaging in meetings, conversations and communications in the United States and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon cargo rates.

The nine airlines that have pleaded guilty to date as a result of the Department's ongoing investigation into the air transportation industry are: British Airways Plc (British Airways), Korean Air Lines Ltd., Qantas Airways Limited (Qantas), Japan Airlines International Co. Ltd., Martinair Holland N.V., Cathay Pacific Airways Limited, SAS Cargo Group A/S (SAS), Société Air France and Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines). The three airline executives who have pleaded guilty for their involvement in the illegal activity are Bruce McCaffrey of Qantas, Timothy Pfeil of SAS and Keith Packer of British Airways.

EL AL, LAN Cargo and ABSA are charged with price fixing in violation of the Sherman Act, a violation which carries a maximum sentence of \$100 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the Federal Bureau of Investigation (FBI). Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the FBI Washington Field Office, Northern Virginia Resident Agency at 703-686-6000.

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